GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3825
ANSWERED ON:19.12.2006
LEATHER INDUSTRY
Chaure Shri Bapu Hari;Dhotre Shri Sanjay Shamrao;Gawali Smt. Bhavana Pundlikrao

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) The amount allocated and released for modernisation of leather industry during each of the last three years, State-wise;

(b) Whether the amount provided to the States has been fully utilised ;

(c) If so, the details thereof ;

(d) If not, the reasons therefor ;

(e) The details of the appropriate steps taken by the Union Government in this regard ;

(f) The steps taken by the Government to attract domestic as well as foreign investment in tannery sector and make tanning industry more competitive; and

(g) The steps being taken to promote export of leather goods and obtain market share in other countries through WTO and bilateral Free Trade Agreements?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR)

(a)to(e) : The Union Government has notified a comprehensive scheme titled "Integrated Development of Leather Sector" (IDLS) for modernization and technology up-gradation in all the segments of the Leather Industry. The Scheme became operational with effect from November 3, 2005. The Scheme does not provide for a State-wise allocation of funds but provides assistance in the form of investment grant to units in Leather sector and to that extent is a demand-led Scheme.

Details of funds approved and released to the units situated in States are indicated below :-

(Rs. In crores)

State	November,2005 to March,2006		April, 2006 to till date	
	Investment grant approved to units in States	Investment Grant released to units inStates	Investment grant approved to units in States	Investment Grant released to units in States
Andhra Pradesh	Nil	Nil	0.07	Nil
Haryana	Nil	Nil	1.45	Nil
Punjab	Nil	Nil	0.90	Nil
Maharashtra	Nil	Nil	0.75	0.58
Tamil Nadu	0.71	Nil	11.81	2.40
Uttar Pradesh	Nil	Nil	5.50	0.78
West Bengal	Nil	Nil	4.88	Nil
Delhi	Nil	Nil	1.31	0.30

(f): The IDLS Scheme inter-alia provides assistance for tanneries in the form of investment grant @ of 30% to SSI units and 20% to non-SSI units with a ceiling of Rs. 50 lakh for both SSI & non-SSI units. In order to attract investments both domestic and foreign the Central Government has de-reserved all the items of manufacture in the leather sector including tanneries from the SSI list except full PVC Footwear Chappals, Sandals and Shoes and Metal fittings for Leather Goods and Garments vide Notification No. S.O.603 (E) dated 29th June, 2001 and S.O.No. 649 (E)dated 3rd June, 2003. As a special initiative to attract Foreign Investments/ Joint Ventures/Technical Collaborations into India and highlight potential and opportunities in Leather Sector the Government of India is implementing the INTECHMART sub-programme under the Scheme, "Infrastructure Strengthening of Leather Sector" (ISLS) during

the 10th Plan Period. Further, under the Foreign Trade Policy 2004-05 the Central Government has also announced concessions for the Leather and Footwear Sector.

(g) : Leather being an important industry for India, due care is taken to safeguard and further our domestic interest in leather while negotiating various trade agreements.